

Index of National Fundraising Performance

2010 First Calendar Quarter Results

Prepared by
Helen Flannery, Rob Harris, and Carol Rhine
June 2010

Target Analytics Index of National Fundraising Performance

2010 First Calendar Quarter Results

About the Index of National Fundraising Performance.....	2
Q1 2010 Index Participants.....	3
Q1 2010 Summary.....	4
Overall Index Performance.....	5
Industry Sector Performance.....	10
Animal Welfare.....	11
Arts & Culture.....	12
Environment.....	13
Health.....	14
Human Services.....	15
International Relief.....	16
Religion.....	17
Societal Benefit.....	18
References.....	19
Industry Sectors Used in the Index.....	20
Looking Ahead.....	21
Index Methodology.....	21
About Medians.....	21
Participation.....	21
Online Resources.....	21
About Target Analytics.....	21

About the Index of National Fundraising Performance

The Target Analytics Index of National Fundraising Performance analyzes direct marketing giving for many of the largest non-profit organizations in the country. For the twelve months ending Q1 2010, Target Analytics evaluated transactions from 81 organizations, including over 38 million donors and more than 70 million gifts totaling over \$2 billion in revenue.

The Target Index reports on direct marketing giving only; direct mail is the dominant revenue source for most organizations but web, telemarketing, canvassing, and other gifts considered to be direct marketing are also included. Individual payments greater than \$5,000, soft credits, and matching gift payments are excluded.

Quarterly results are reported on a calendar year basis. This report includes results through March 2010. Index findings are based on analysis of actual donor transactions, not survey responses from fundraisers. All calculated measures have been reviewed by participants for accuracy.

Q1 2010 Index Participants

Animal Welfare

American Humane Association
ASPCA
International Fund for Animal Welfare
People for the Ethical Treatment of Animals

Arts & Culture

Colonial Williamsburg Foundation
National Law Enforcement Officers Memorial Fund
National Trust for Historic Preservation
National World War II Museum
The Smithsonian Institution
United States Holocaust Memorial Museum

Environment

Defenders of Wildlife
Earthjustice
Environmental Defense Fund
Greenpeace USA
National Parks Conservation Association
National Wildlife Federation
Natural Resources Defense Council
The Nature Conservancy
The Ocean Conservancy
Sierra Club
Trout Unlimited
The Wilderness Society
World Wildlife Fund

Health

ALSAC / St. Jude Children's Research Hospital
Alzheimer's Association
American Cancer Society
American Diabetes Association
American Health Assistance Foundation
American Heart Association
American Institute for Cancer Research
American Lung Association
Arthritis Foundation
Children's Cancer Research Fund
Cystic Fibrosis Foundation
Easter Seals
The Foundation for AIDS Research
Juvenile Diabetes Research Foundation
Leukemia and Lymphoma Society
March of Dimes
Mayo Clinic
Multiple Sclerosis Association of America
National Multiple Sclerosis Society
Special Olympics

Human Services

American Indian Relief Council
Cal Farley's Boys Ranch
Covenant House
Feeding America
Paralyzed Veterans of America
St. Labre Indian School
United States Olympic Committee

International Relief

AmeriCares
CARE
Catholic Relief Services
Doctors Without Borders
Habitat for Humanity International
Heifer Project International
International Rescue Committee
Mercy Corps
Operation Smile
Oxfam America
Project HOPE
Save the Children
U.S. Fund for UNICEF

Religion

Association of Marian Helpers
Franciscan Friars of the Atonement at Graymoor
Missionary Association of Mary Immaculate
National Shrine of St. Jude
Sisters of St. Francis of Assisi
Sisters of St. Francis - PET
Society of the Divine Savior

Societal Benefit

American Association of University Women
American Civil Liberties Union
Amnesty International
Anti-Defamation League
Human Rights Campaign
NAACP
NARAL
National Committee to Preserve
Social Security & Medicare
Planned Parenthood
Public Citizen
Southern Poverty Law Center

Haiti-Related Giving Results in Overall Index Revenue Growth

Donor Declines Continue for Most Organizations in Most Sectors

Q1 2010 Summary

Overall Results

In the first quarter of 2010, for the first time in more than two years, the Index of National Fundraising Performance had positive median revenue growth. This is an encouraging turn after two consecutive years of recession-related revenue decline, but it is important to view this increase in context. Q1 index revenue growth was driven primarily by revenue growth in only three industry sectors, two of which had large spikes in donations following a severe earthquake in Haiti in January. In addition, this first-quarter analysis covers only three months and follows two years of decline; any Q1 increases that are not due to disaster-related giving may indicate a return to relatively normal giving rather than significant new growth.

Index organizations have seen gradual declines in donor numbers for at least three and a half years, ever since the U.S. Gulf Coast hurricanes of 2005. These donor declines accelerated during the recent recession but leveled off somewhat in the current quarter, aided by Haiti-related giving.

Shrinking donor bases have been due primarily to declines in new donor acquisition. New donor populations have fallen faster than overall donor populations since 2005, when relief and animal welfare organizations experienced a large influx of new donors as a result of U.S. Gulf Coast hurricanes and other disaster-related giving. New donor declines accelerated during the recent recession and continued to fall in the first quarter of 2010.

After having been in an atypical decline during all of 2009, revenue per donor amounts rose again in the first quarter of 2010. This growth was widespread throughout the index.

Sector Performance

In the first quarter of 2010, sector performance was split. Three sectors had markedly strong positive growth in most areas, while five sectors continued to have flat to negative trends similar to those we saw in the index throughout 2009.

The international relief and animal welfare sectors had by far the greatest growth in Q1. For relief organizations in particular, this is largely due to fundraising surrounding the Haitian earthquake. Societal benefit organizations also had strong revenue, donor, and new donor growth during the quarter, however – encouraging trends for a sector that has had a particularly difficult time over the past two years.

All five other sectors in the index had flat or declining revenue, donors, and new donor acquisition, in line with recent previous quarters. Health organizations had the largest declines in both revenue and overall donor numbers in the index in the first quarter of 2010. Arts and culture and environmental organizations had the largest new donor declines.

Q2 2010

The second quarter of 2010 saw a number of events that may have an impact on fundraising – particularly the Deepwater Horizon oil spill in the Gulf of Mexico and the final passage of controversial immigration laws in the Arizona state legislature. We will evaluate the immediate impact of those events in our next index analysis, which will cover the first half of 2010.

Overall Index Performance

All index results are medians unless otherwise specified.

Year-to-Year Change

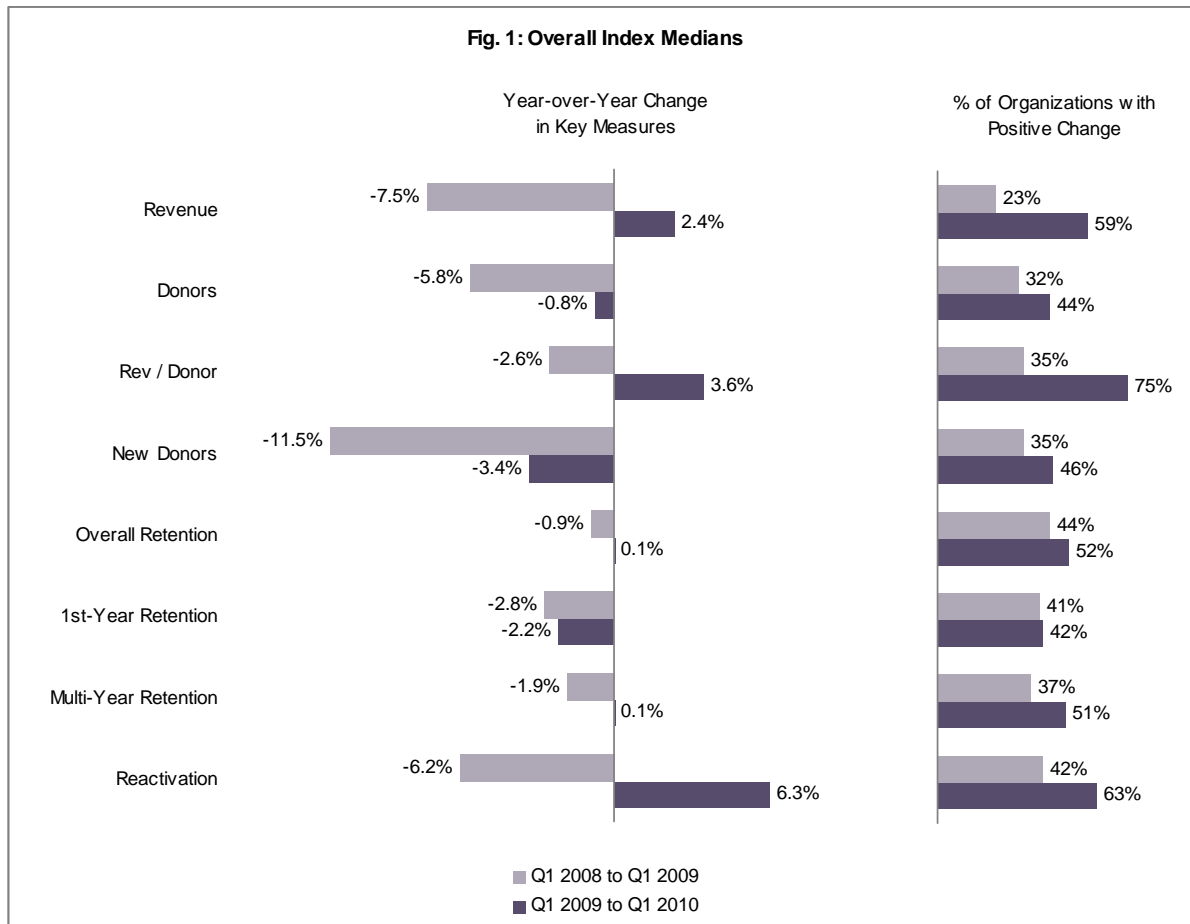
In the first quarter of 2010, for the first time in more than two years, the index as a whole had positive revenue growth. Revenue grew by a median 2.4% from Q1 2009 to Q1 2010 (see Fig. 1). 59% of the organizations in the index had positive revenue growth over the period.

It is important, however, to view this revenue increase in context.

Overall index revenue growth in Q1 was driven primarily by revenue growth in three industry sectors: animal welfare, international relief, and societal benefit. For the relief and animal welfare sectors, first-quarter increases were largely due to fundraising for relief efforts following a severe earthquake in Haiti in January. All other sectors in the index continued to have either flat or declining revenue growth in the first quarter of 2010.

In addition, this moderate increase comes after two years of significant recession-related decline. Whatever increase is not due to disaster-related giving may be more a beginning of a return to relatively normal giving rather than significant new growth.

And, finally, this first-quarter analysis covers only a short period of time. First-quarter rates of growth and decline are often greater than eventual year-end results because they are calculated on relatively small numbers of gifts and revenue amounts. This is further exaggerated because, for many organizations, the first quarter is the slowest fundraising period, with smaller proportions of gifts and revenue coming in during that quarter than any other quarter of the year.



Donor numbers declined a median -0.8% from Q1 2009 to Q1 2010. This continues a trend that predates the recent recession; donors have been declining consistently for the past four years. The index has not experienced positive year-to-year donor growth since the U.S. Gulf Coast hurricanes in the third quarter of 2005. 44% of the organizations in the index had positive donor growth in the first quarter of 2010.

As in previous quarters, donor declines are due primarily to declines in new donor numbers, which fell 3.4% from Q1 2009 to Q1 2010 – and which also have not had positive overall growth since 2005. 46% of the organizations in the index had positive new donor growth in the first quarter of 2010.

After having been in an atypical decline for all of 2009, revenue per donor amounts rose again in the first quarter of 2010. Revenue per donor increased by a median 3.6% from Q1 2009 to Q1 2010. This growth was widespread throughout the index; 75% of the organizations in the index had positive revenue per donor growth over the period.

Overall retention rates were flat, increasing a median 0.1% from Q1 2009 to Q1 2010. This overall rate was buoyed by stable multi-year donor retention, as first-year retention rates declined 2.2% over the period. Reactivation rates increased by a median 6.3%. It is important to view retention and reactivation rates with caution in the first quarter, however, since donors have only had three months in which to renew.

Long-Term Revenue Trends

Rolling twelve-month quarterly medians of revenue growth can provide long-term context for year-to-year index trends. A rolling analysis compares the twelve months of revenue ending in each quarter to the twelve months of revenue ending in a specified starting quarter.

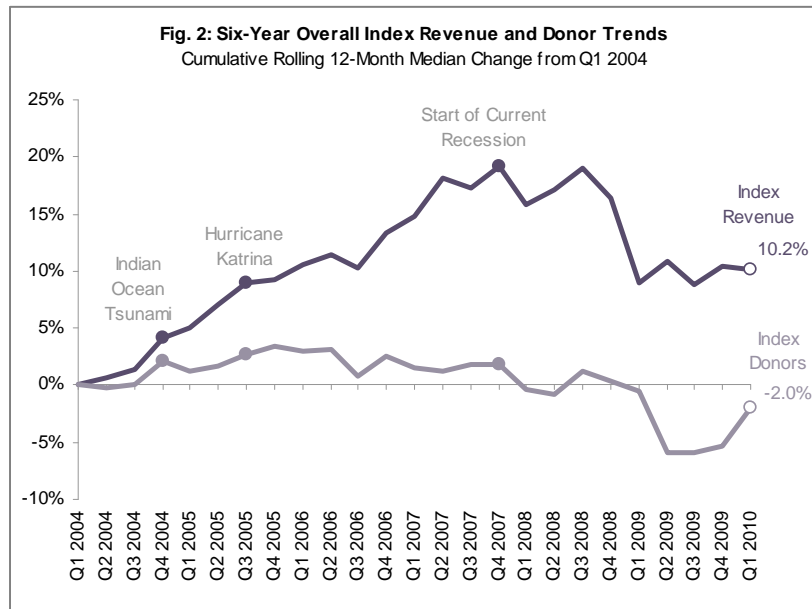
This smoothes out seasonal differences and allows us to see continuous movement from one quarter to the next, instead of simply comparing one full or partial year to the next full or partial year.

Historically, rolling index revenue has grown at an average of about 4% per year. Revenue grew faster than average during 2005, when organizations received record contributions after the Indian Ocean tsunami and the U.S. Gulf Coast hurricanes, and then returned to typical rates in 2006 and 2007.

Revenue growth slowed during the first three quarters of 2008 and then declined substantially in the fourth quarter of 2008 and the first three quarters of 2009, paralleling the weak economy.

In the past few quarters, revenue and donor declines appear to have leveled off somewhat (see Fig. 2).

Cumulatively over the past six years, including the record tsunami and hurricane giving periods, revenue has grown at lower than normal rates. From the twelve months ending Q1 2004 to the twelve months ending Q1 2010, index revenue grew a cumulative median 10.2%. This is an effective annual growth rate of 1.8% per year (see Fig. 3).



Over the most recent two years, which includes the worst quarters of the current recession, overall index revenue has declined substantially. From the twelve months ending Q1 2008 to the twelve months ending Q1 2010, index revenue declined a median 4.4%. This is an effective annual rate of decline of 2.5% per year.

Fig. 3: Long-Term Index Revenue and Donor Trends

	Six-Year Change Q1 2004 to Q1 2010	Five-Year Change Q1 2005 to Q1 2010	Four-Year Change Q1 2006 to Q1 2010	Three-Year Change Q1 2007 to Q1 2010	Two-Year Change Q1 2008 to Q1 2010	One-Year Change Q1 2009 to Q1 2010
Revenue						
Median Change	10.2%	1.3%	-1.0%	-2.1%	-4.4%	0.1%
Effective Annual Change	1.8%	0.3%	-0.2%	-0.7%	-2.2%	0.1%
% Orgs with Positive Change	64%	56%	49%	44%	35%	51%
Donors						
Median Change	-2.0%	-6.3%	-3.9%	-6.5%	-5.0%	-0.3%
Effective Annual Change	-0.3%	-1.2%	-1.0%	-2.1%	-2.5%	-0.3%
% Orgs with Positive Change	47%	37%	41%	38%	38%	47%

Shows the cumulative median change from the twelve-month period ending the first date to the twelve-month period ending the second date in each column. Effective Annual Change is the average yearly change over the stated time period, adjusted for compounding over that period.

Real index revenue has declined by 5.2% over the past six years and by 6.3% over the past two years when revenue dollar amounts are adjusted for inflation¹.

Long-Term Donor Trends

A rolling twelve-month analysis provides additional context for donor trends as well. It shows that, unlike revenue declines, recent donor declines are part of a long-term pattern that has likely been worsened by recent economic conditions.

Donor numbers rose during the Indian Ocean tsunami and the U.S. Gulf Coast hurricanes of 2005, but have been on a slow decline ever since. The decline intensified during the recent recession (see Fig. 2).

The result of these combined trends is that donor numbers have declined significantly over the past six years. Donors declined a cumulative median 2.0% from the twelve months ending Q1 2004 to the twelve months ending Q1 2010. This is an effective annual rate of decline of 0.3% (see Fig. 3).

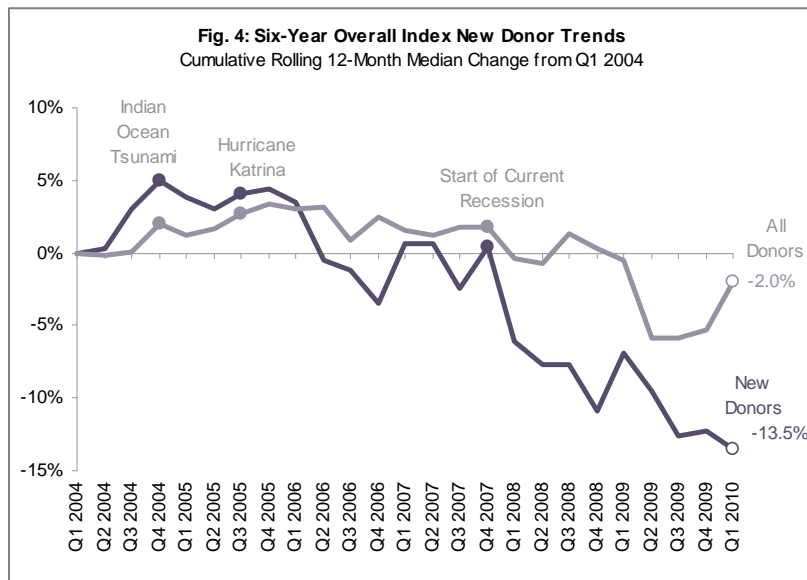
As we have said in previous editions of the index, falling donor populations in the index may be due to a mix of factors including economic changes, a changing generational profile in the United States, changing attitudes of donors about giving, and a change in focus by fundraisers toward higher-dollar donors.

New Donor Declines

For most organizations, overall donor declines have been caused mainly by declines in new donor acquisition.

Over the past six years, from the twelve months ending Q1 2004 to the twelve months ending Q1 2010, new donor numbers have fallen a cumulative median 13.5% (see Fig. 4). This is an effective annual rate of decline of 2.1% per year.

New donor declines have accelerated during the recent recession. Over the most recent two years, from the twelve months ending Q1 2008 to the twelve months ending Q1 2010



2010, new donor numbers fell a cumulative median 13.4%. This is an effective annual rate of decline of 6.5% per year.

The Impact of the Relief Sector on Overall Index Performance

The purpose of the index is to allow participating organizations to compare their own performance to that of others. Performance metrics based on aggregate index revenue or donors would be dominated by dramatic gains or losses by a few organizations – such as the Haiti-related gains in the relief sector this quarter – which would not be useful for benchmarking purposes.

For this reason, all results are reported as medians – the middle value of the relevant group of organizations.

Without the relief organizations, overall index revenue has grown a cumulative median 5.4% over the past six years (from the twelve months ending Q1 2004 to the twelve months ending Q1 2010) (see Fig. 5). This compares to median 10.2% growth over the same time period when relief organizations are included.

Without the relief organizations, overall index donors have declined a median 8.7% over the same six-year period (see Fig. 6). This compares to a median decline of 2.0% when relief organizations are included.

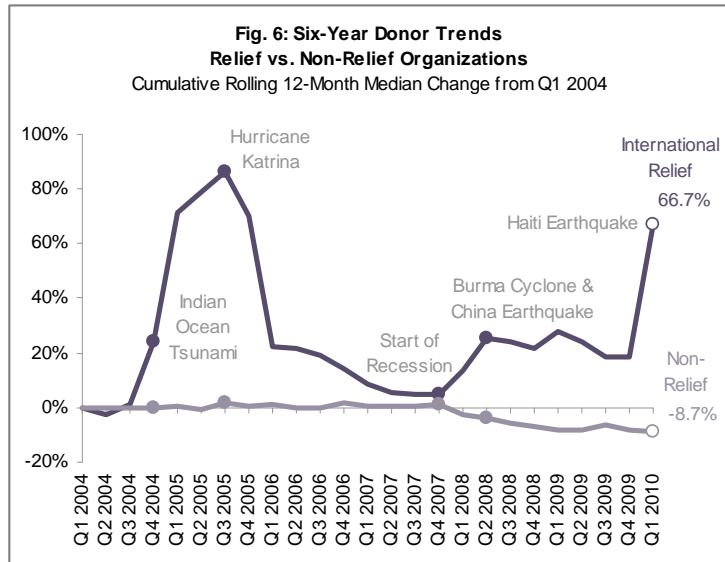
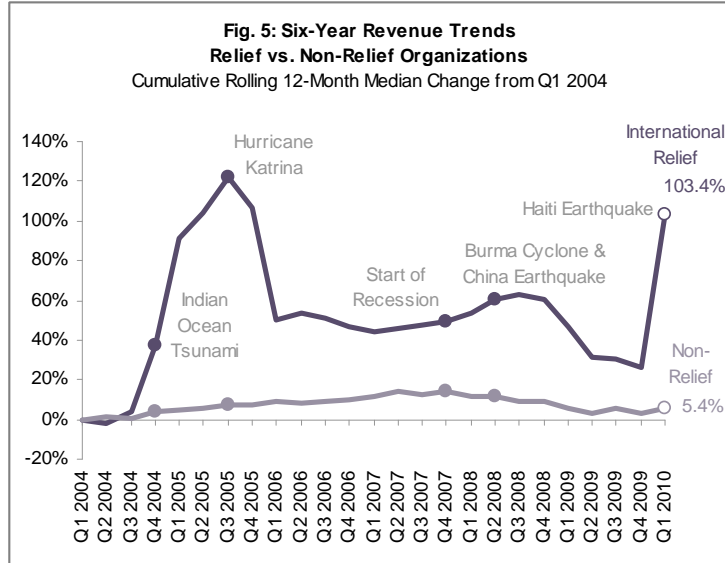
For non-relief organizations, results for the first quarter of 2010 are not perceptibly out of line with results from previous recent quarters.

Effects of the Economy on Giving

Research by the Giving USA Foundation™ indicates that charitable giving revenue growth rises during periods of strong economic growth and slows during periods of relative economic weakness. Non-profit giving trends are not limited to simple parallels with national economic growth, however. The Foundation has reported in their publication *Giving USA* that during harder economic times, charitable giving falls as a percentage of national Gross Domestic Product (GDP)².

This means that in a slow economy, not only does giving slow down as well, but it also declines as a proportion of the average American’s spending dollar. In recessionary periods, people shift their spending priorities away from charities, compounding the effects of an economic decline on fundraising. Revenue growth patterns in the Target Analytics index have consistently supported both of these findings. Median index revenue growth generally parallels national economic performance and tends to grow more slowly than GDP during periods of relative economic hardship.

According to the National Bureau of Economic Research (NBER), the United States economy entered a recession in December 2007³. As would be expected, non-profit direct marketing revenue in the index began to



decline as the economy weakened, and already ongoing donor declines intensified during that time. We reported overall revenue declines in seven consecutive editions of the index (Q2 2008 through Q4 2009), with some of the steepest downturns coming in the first half of 2009.

There have been some recent indications of improvement in the U.S. economy; in particular, positive GDP growth in the past three quarters⁴. This in itself is not enough to declare that the recession is over, however, and the NBER will likely not announce an official end to the current recession until well into 2010.

Similarly, there was revenue growth in the index from Q1 2009 to Q1 2010; this is encouraging, as it is the first time we have reported overall revenue growth since Q4 2007. However, these results cover a very small amount of time. In addition, given the sectors that performed particularly well this quarter, it is likely that much of the Q1 revenue increase is due to a temporary spike in giving related to the January earthquake in Haiti, and not necessarily to a larger underlying trend.

Industry Sector Performance

All sector results are medians unless otherwise specified.

Revenue and Donors

In the first quarter of 2010, sector performance was split.

Three sectors had markedly strong positive growth in both revenue and donors, while five sectors continued to have flat to negative trends similar to those we saw in the index throughout 2009 (see Fig. 7 and 8).

The animal welfare and international relief sectors had by far the greatest growth in most key measures from Q1 2009 to Q1 2010. For relief organizations in particular, this is largely due to relief-related fundraising following a January earthquake in Haiti.

Societal benefit organizations also had strong growth in both revenue and donors during the quarter. This is an encouraging trend for this sector after a disappointing two years of recession.

Health organizations had the largest declines in both revenue and overall donor numbers in the index in the first quarter of 2010.

New Donor Growth

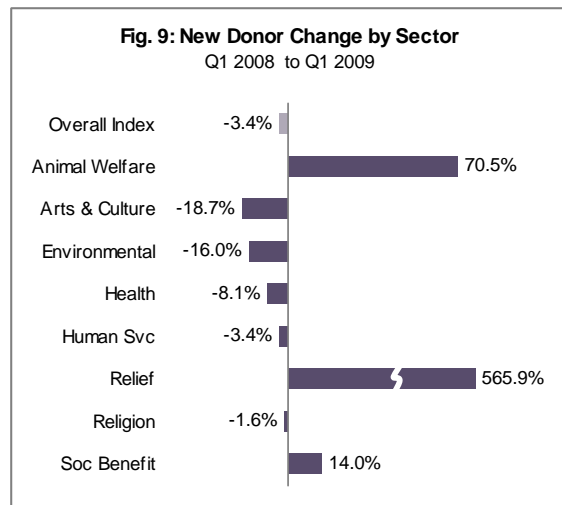
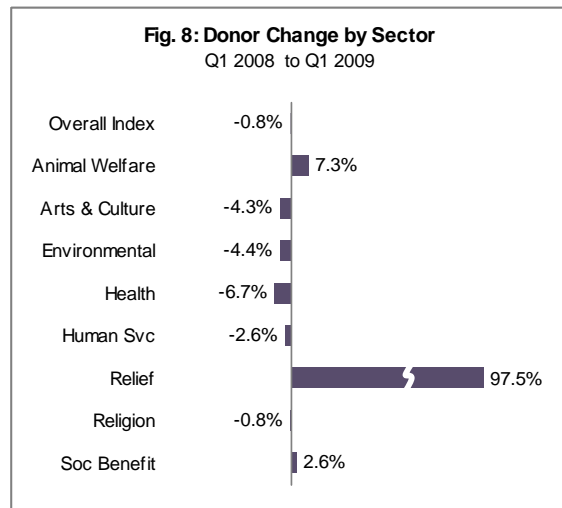
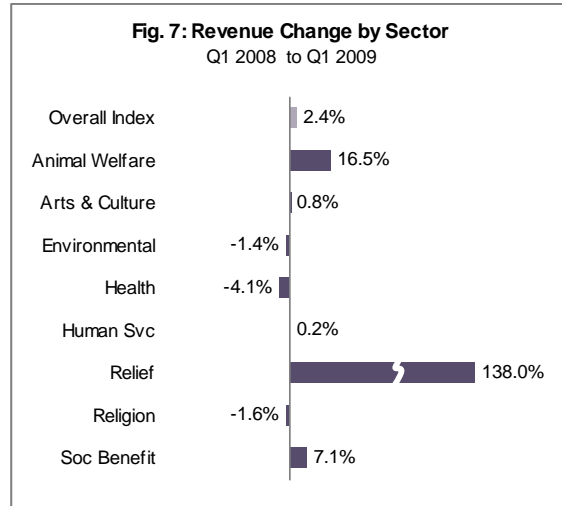
Sector trends in new donor acquisition were similar to those of overall donors.

Animal welfare, international relief, and societal benefit organizations had strong positive new donor growth from Q1 2009 to Q1 2010 (see Fig. 9).

New donor acquisition declined for all five of the other sectors. New donor declines were the primary causes of overall donor declines in the index.

Arts and culture and environmental organizations had the largest new donor declines in the first quarter of 2010.

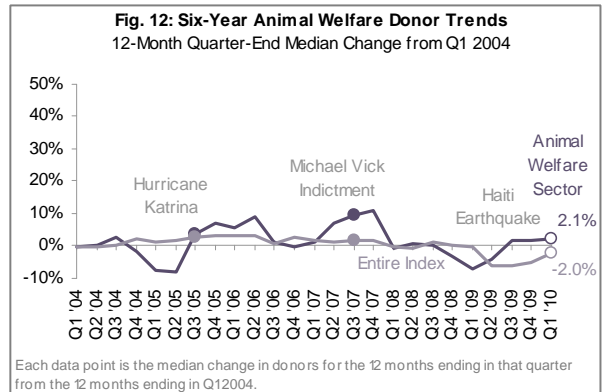
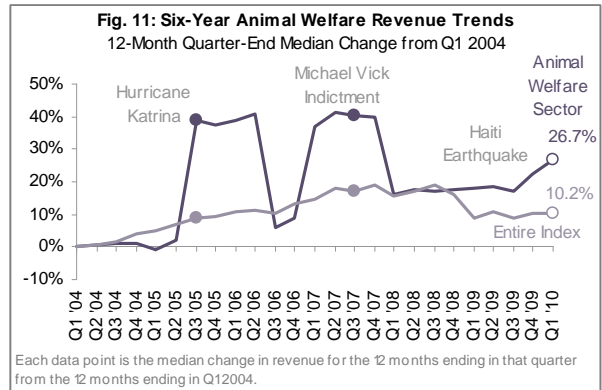
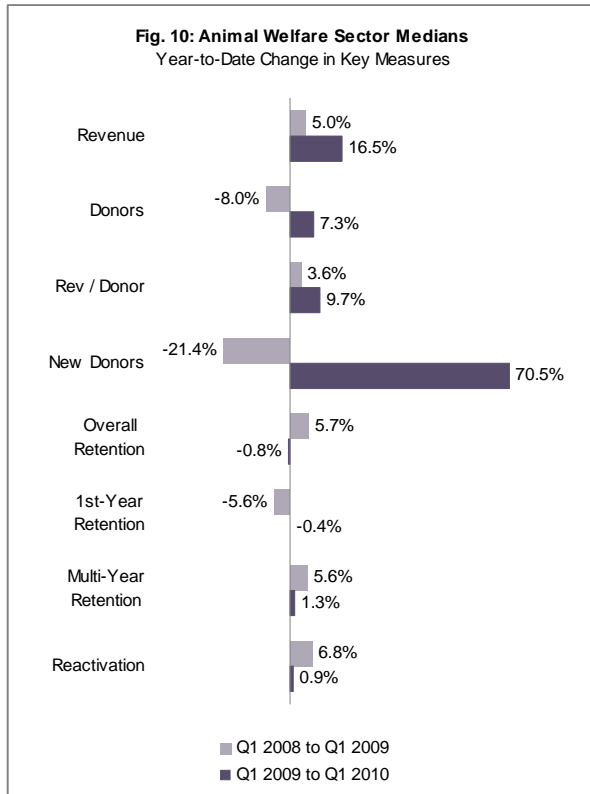
Individual sector results are explained in more detail on the following pages.



Animal Welfare

4 organizations

The animal welfare sector has been one of the strongest sectors in the index for more than four years. Most notably, these organizations have maintained essentially stable donor counts at a time when most other sectors had significant donor declines. In the first quarter of 2010, the sector again had some of the largest growth in the index in revenue, donors, revenue per donor, and new donor acquisition; some of this is likely due to fundraising following the Haitian earthquake in January 2010.



Animal welfare revenue increased a median 16.5% from Q1 2009 to Q1 2010 (see Fig. 10), much more than the overall index revenue growth of 2.4%. Animal welfare revenue growth was second only to that of relief organizations, which had an even larger response to Haitian earthquake relief appeals. All four organizations in this sector had revenue increases in 2009.

Donors to animal welfare organizations increased a median 7.3% from Q1 2009 to Q1 2010, compared to an overall index median decline of 0.8%. Three of the four organizations in this sector had donor increases in 2009.

Sector donor growth was primarily due to significant growth in new donor acquisition, which was up 70.5% from Q1 2009 to Q1 2010. This was one of only three sectors in the index to have positive new donor growth in the first quarter of 2010; the index as a whole had new donor declines of 3.4% over this period.

Rolling twelve-month trends give us a long-term picture of animal welfare sector performance. The sector has had three substantial event-related spikes in revenue and donors over the last six years; one in 2005 following the U.S. Gulf Coast hurricanes, one in 2007 following the conviction of professional football player Michael Vick on dog fighting charges, and one in the most recent quarter following the Haitian earthquake.

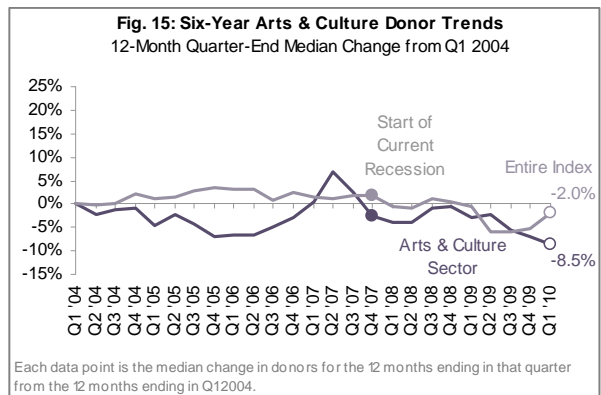
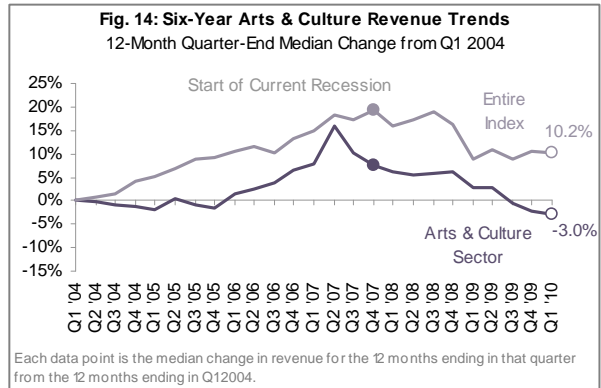
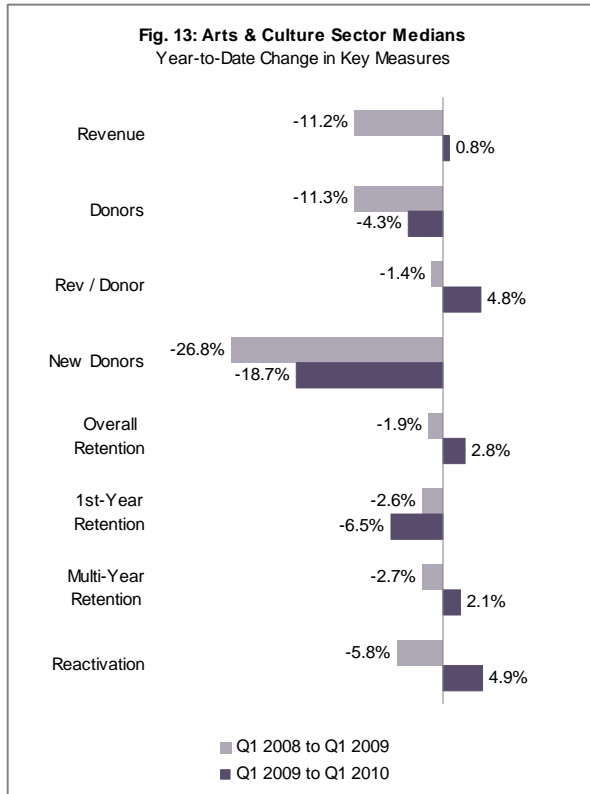
Cumulatively, over the past six years, these spikes have enabled the animal welfare sector to outperform index revenue and donor medians significantly. From the twelve months ending Q1 2004 to the twelve months ending Q1 2010, revenue growth for the animal welfare sector grew by a cumulative median 26.7%, while the index as a whole grew just 10.2% (see Fig. 11). Over the same six-year period, sector donors grew by a median 2.1% while the overall index saw a median donor decline of 2.0% (see Fig. 12).

When evaluating results for this sector, it is important to be aware that it includes only four organizations.

Arts & Culture

6 organizations

During 2009 and into the first quarter of 2010, arts and culture organizations experienced trends in most key measures that were similar to those of the index as a whole. Recently, however, this sector has had more difficulty with new donor acquisition than most. Over the long term, the sector has underperformed the index in revenue growth and performed similarly to it in donor growth.



Arts and culture sector revenue remained essentially flat in the first quarter of 2010, increasing a median 0.8% from Q1 2009 to Q1 2010 (see Fig. 13). Three of the six organizations in the sector had positive revenue growth in the first quarter of 2010.

Sector donors declined a median 4.3% from Q1 2009 to Q1 2010, compared to an overall index median donor decline of 0.8%. Only one of the six organizations in the sector had positive donor growth in the first quarter of 2010.

New arts and culture donors declined by 18.7% from Q1 2009 to Q1 2010. This was the largest new donor decrease in the index and came on top of a 26.8% decline the previous year. However, two of the six organizations in the sector did have positive new donor growth in the first quarter of 2010.

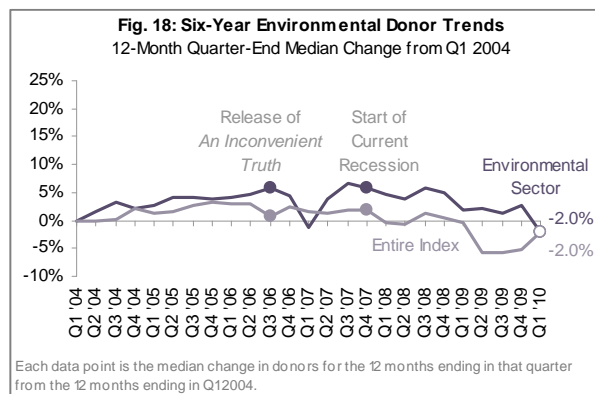
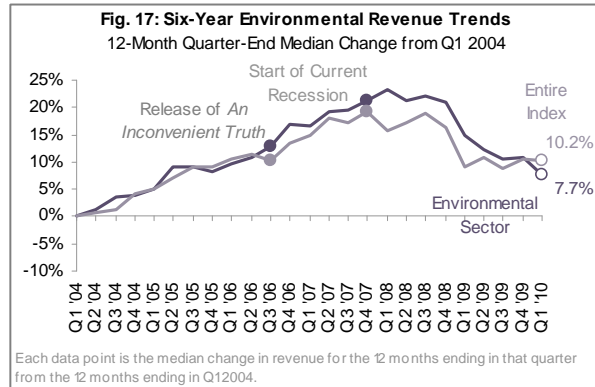
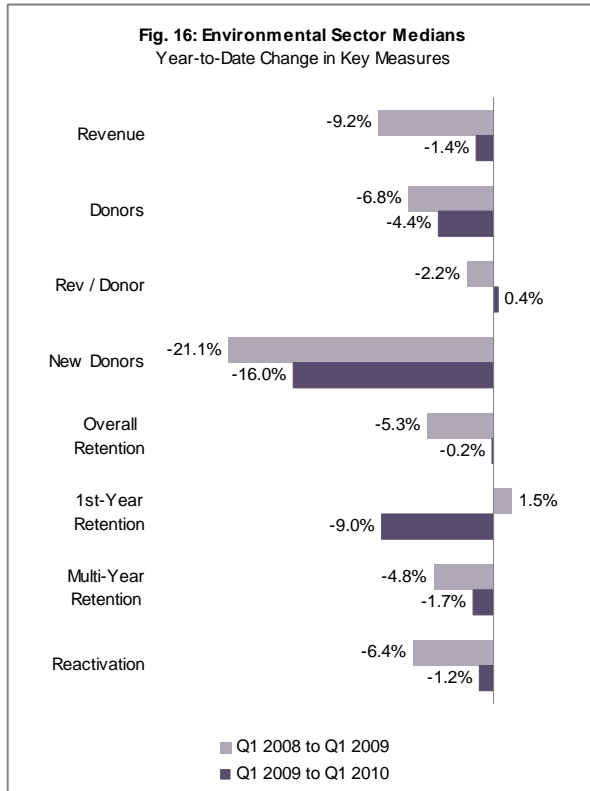
Twelve-month rolling trends can provide longer-term context for recent arts and culture sector results. Over the past six years, revenue growth for the sector has lagged the overall index, but donor growth has been similar to that of the overall index. From the twelve months ending Q1 2004 to the twelve months ending Q1 2010, the arts and culture sector has had cumulative revenue declines of 3.0%, compared to overall index growth of 10.2% (see Fig. 14). Over the same six-year period, the sector had cumulative median donor declines of 8.5%, compared to an overall index decline of 2.0% (see Fig. 15).

The sector had an anomalous spike in both revenue and donors in the second quarter of 2007. This spike appears not to be attributable to any single external event but appears instead to be a coincidental convergence of events affecting the organizations in the sector – changes in strategy, capital campaigns, and current events.

Environment

13 organizations

Over the past five years, the environmental sector has tracked overall index trends more closely than any other sector. This has generally continued into the first quarter of 2010. The sector did have somewhat larger declines in donors and new donor acquisition than the index as a whole, and a slight decline in revenue, but the revenue declines were not widespread throughout the sector.



The environmental sector had a median revenue decline of 1.4% from Q1 2009 to Q1 2010 (see Fig. 16), compared to overall index median revenue growth of 2.4%. Revenue declines were not universal, however; 46% of the environmental organizations in the index had positive revenue growth in the first quarter of 2010.

Donors to the environmental sector declined a median 4.4% from Q1 2009 to Q1 2010, somewhat larger than the overall index median donor decline of 0.8%. 31% of the environmental organizations in the index had positive donor growth in the first quarter of 2010.

New donor acquisition fell for the environmental sector by a median 16.0% from Q1 2009 to Q1 2010, while the index as a whole had only a 3.4% decline. 31% of the environmental organizations in the index had positive new donor growth in the first quarter of 2010.

Twelve-month rolling trends can provide longer-term context for recent sector trends.

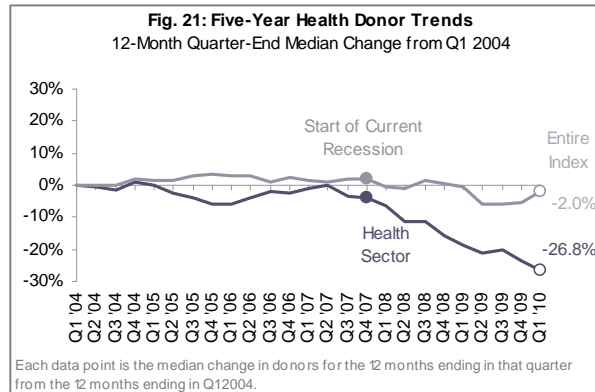
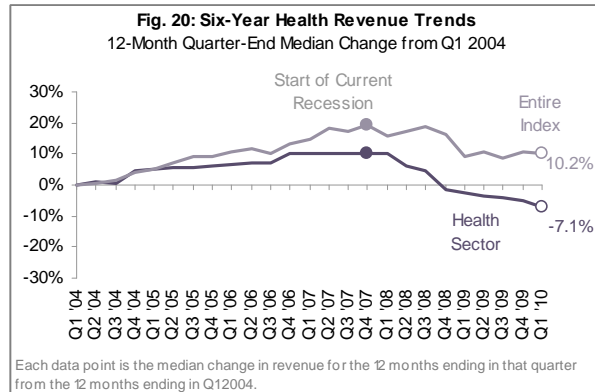
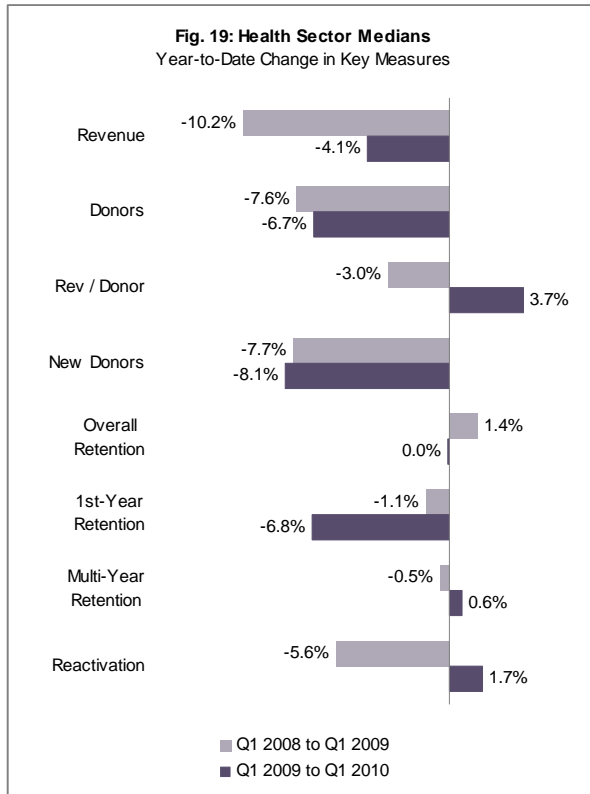
This analysis shows that environmental revenue growth essentially paralleled index medians from 2004 through the current quarter, slightly outperforming the index in 2007 and 2008. Over the past six years, from the twelve months ending Q1 2004 to the twelve months ending Q1 2010, the sector had median cumulative revenue growth of 7.7%, similar to overall index revenue growth of 10.2% over the same period (see Fig. 17).

Environmental donor growth has been more volatile but has also tracked index medians relatively closely, outperforming the overall index slightly during the recent recession. From the twelve months ending Q1 2004 to the twelve months ending Q1 2010, the sector had cumulative median donor declines of 2.0%, exactly the same as the overall index decline over the same period (see Fig. 18).

Health

20 organizations

Health organizations have had some of the greatest fundraising challenges in the index for the past several years. In the first quarter of 2010, the health sector continued to have declines in many key measures, including the largest revenue and donor declines in the index. These negative trends do not appear to be caused or significantly exacerbated by earthquake relief giving to other sectors; they appear instead to be a continuation of an ongoing long-term pattern.



Health sector revenue declined a median 4.1% from Q1 2009 to Q1 2010, compared to an overall index median decline of 2.4% (see Fig. 19). 35% of the organizations in the health sector had positive revenue growth in the first quarter of 2010. Health sector donors declined a median 6.7% from Q1 2009 to Q1 2010, greater than the overall index median donor decline of 0.8% and continuing a donor decline that pre-dates the current economic downturn. 25% of the organizations in this sector had positive donor growth in the first quarter of 2010.

As in previous quarters, declines in overall donors were largely due to declines in new donor acquisition. New donor numbers for the sector fell 8.1% from Q1 2009 to Q1 2010, on top of a 7.7% decline over the same period the year before. Only 15% of the organizations in the health sector had positive new donor growth in the first quarter of 2010.

Health sector revenue and donor growth have both lagged overall index median trends significantly since the start of the recent recession, resulting in lower performance over the long term. Over the past six years, from the twelve months ending Q1 2004 to the twelve months ending Q1 2010, health organizations had cumulative revenue declines of 7.1%, compared to 10.2% revenue growth for the index as a whole (see Fig. 20). Over the same six years, health organizations had a large cumulative donor decline of 26.8%, compared to a decline of 2.0% for the index as a whole (see Fig. 21).

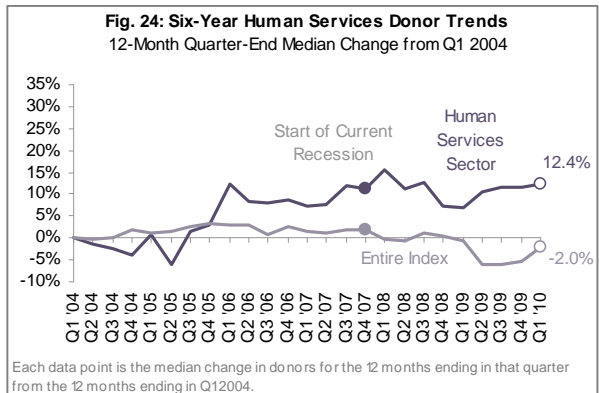
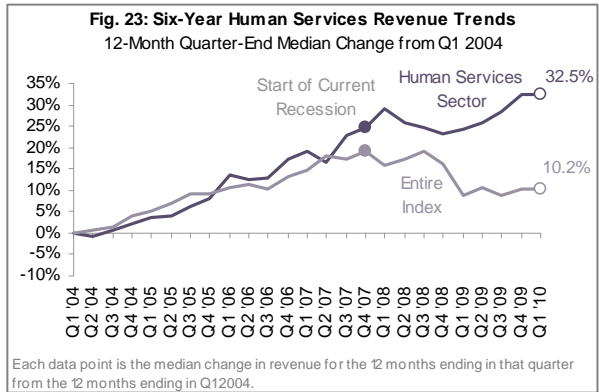
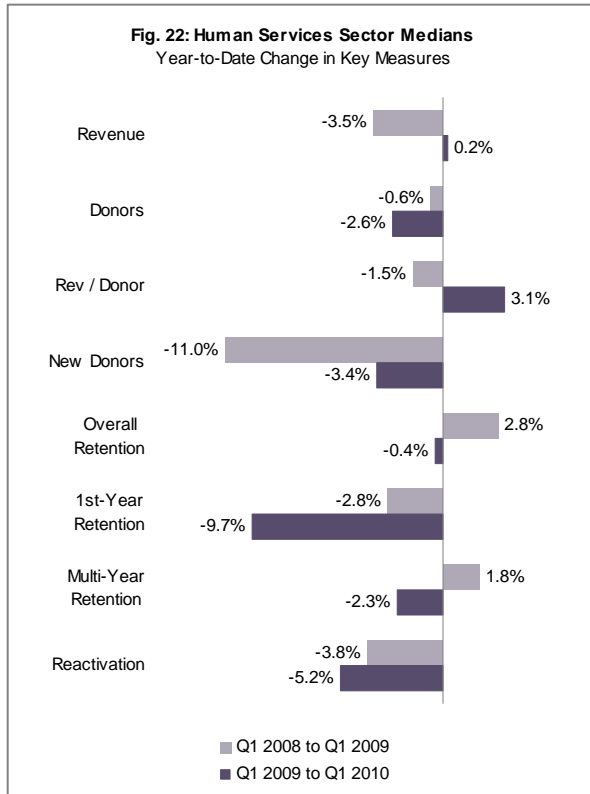
Over the past two years since Q4 2007, when the current recession began, health sector revenue is down 13.5% and donors are down 15.1%.

This study considers direct marketing revenue, not event revenue. Several health charities have large-scale fundraising events that are not included in this analysis.

Human Services

7 organizations

The human services sector has been one of the strongest in the index during the recent recession. Revenue and donor growth for the sector both outperformed the rest of the index during 2008 and 2009, primarily due to increased multi-year donor retention and reactivation. These trends appear to have leveled out somewhat this quarter.



Human services revenue remained essentially flat, increasing a median 0.2% from Q1 2009 to Q1 2010, while the index as a whole had revenue growth of 2.4% (see Fig. 22). Four of the seven organizations in this sector had positive revenue growth in the first quarter of 2010.

Overall donor numbers declined a median 2.6% from Q1 2009 to Q1 2010, while the index as a whole had donor declines of 0.8%. Two of the seven organizations in this sector had positive donor growth in the first quarter of 2010.

Human services organizations continue to have difficulty with new donor acquisition and with retention of the new donors they acquired in 2009; the sector had new donor declines of 3.4% and first-year donor retention declines of 9.7% from Q1 2009 to Q1 2010. However, it is important to view Q1 retention rates with caution, as donors have only had three months in which to renew.

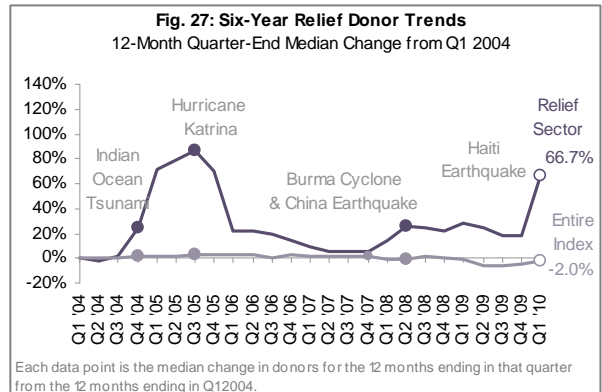
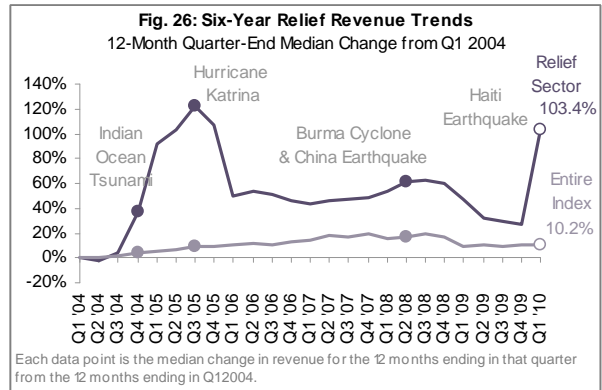
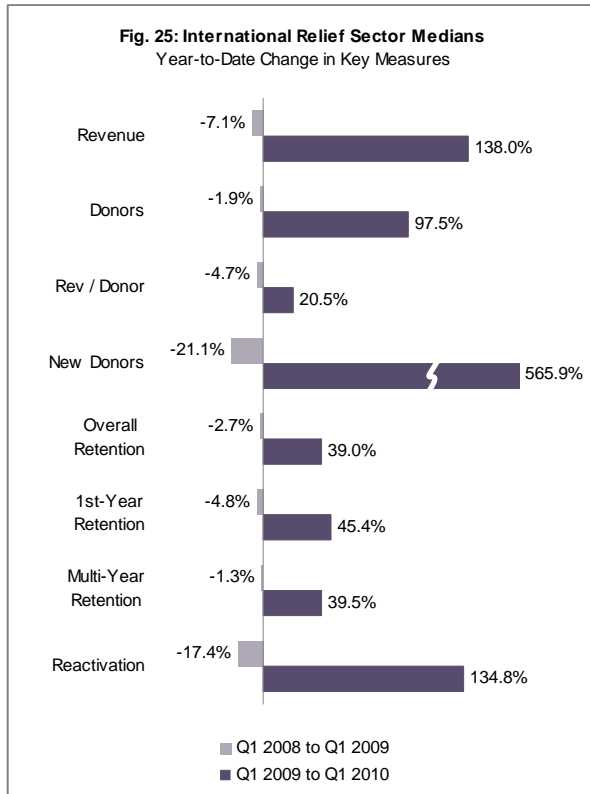
Rolling twelve-month trends show that from 2004 to 2007 sector revenue and donor growth tracked the overall index relatively closely, but that the sector has outperformed the overall index since the start of the recent recession.

Over the past six years, from the twelve months ending Q1 2004 to the twelve months ending Q1 2010, human services revenue grew a cumulative median 32.5%, more than three times the overall index growth of 10.2% (see Fig. 23). Donor growth has been more volatile but the sector has generally maintained its donor numbers well through the recession, allowing it to outperform the index significantly over the long term. From the twelve months ending Q1 2004 to the twelve months ending Q1 2010, human services sector donors have increased a cumulative median 12.4%, compared to an overall index decline of 2.0% over the same period (see Fig. 24).

International Relief

13 organizations

As expected, relief sector performance in the first quarter of 2010 was dominated by the effects of fundraising related to relief efforts following a devastating earthquake in Haiti on January 12. The sector is seeing phenomenal growth in all key areas, on a scale nearly equal to the period after the Indian Ocean tsunami of 2004. The sector was able to retain a substantial portion of its tsunami disaster-related fundraising during later non-disaster years; it will be important to see if the same will be true of Haiti-related gains.



Revenue for the international relief sector rose a median 138.0% from Q1 2009 to Q1 2010, dwarfing the 2.4% overall index median revenue increase (see Fig. 25). 92% of the organizations in the relief sector had revenue increases in the first quarter of 2010.

Donors to international relief organizations increased 97.5% from Q1 2009 to Q1 2010, compared to an overall index median donor decline of 0.8% over the same period. 92% of the organizations in this sector had donor increases in the first quarter of 2010.

The area perhaps most affected by Haiti relief is new donor acquisition. The relief sector had median 565.9% growth in new donors from Q1 2009 to Q1 2010, at a time when the index as a whole had new donor declines of 3.4%. 92% of the relief organizations in the index had positive new donor growth in the first quarter of 2010.

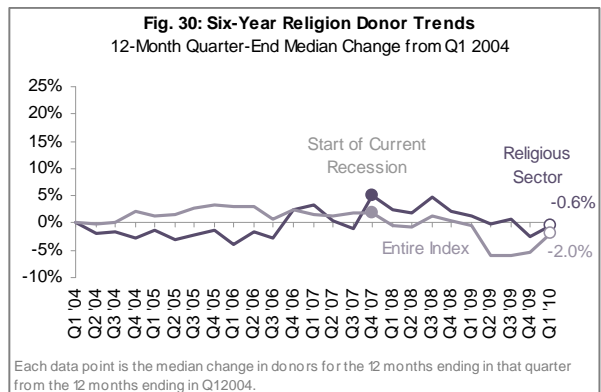
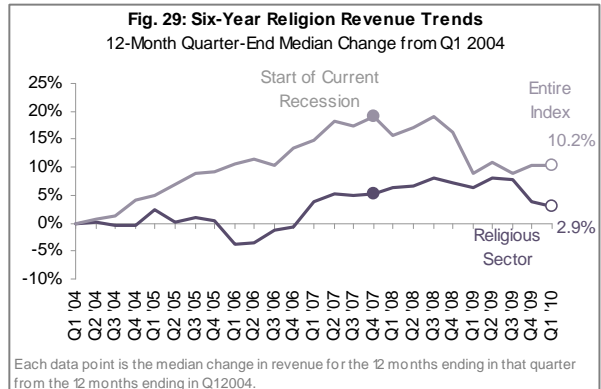
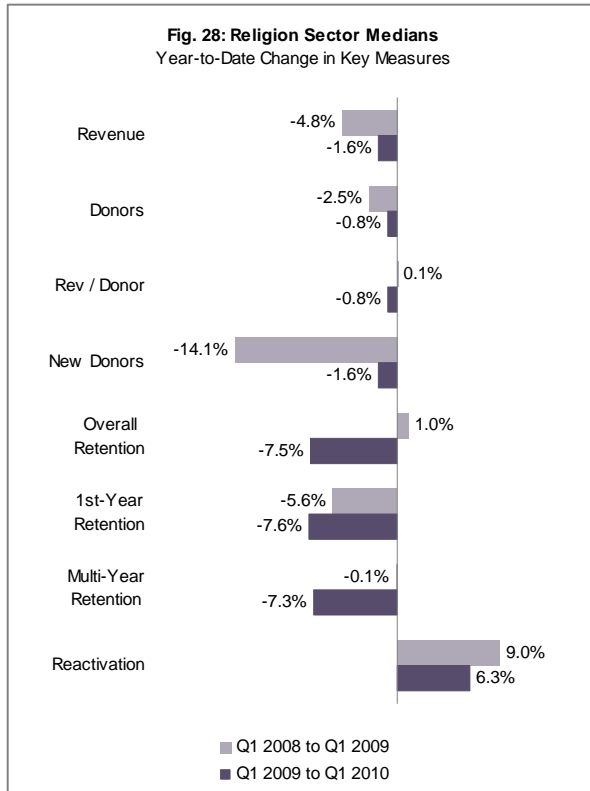
Rolling revenue and donor trends can give a longer-term context for recent relief sector performance. The Indian Ocean tsunami of December 2004 generated record disaster-related revenue and donor acquisition in late 2004 and early 2005, much of which was retained for several years. Cyclone and earthquake-related giving is likely responsible for a smaller bump in 2008. And there is a significant Haiti-related spike in the most recent quarter. All of this has allowed the relief sector to significantly outperform the index over the past six years.

Relief sector revenue is up a cumulative 103.4% from the twelve months ending Q1 2004 to the twelve months ending Q1 2010 (see Fig. 26). The index as a whole had only 10.2% growth over the same six-year period. Donor numbers grew a cumulative median 66.7% for the relief sector, compared to an overall index median donor decline of 2.0% over the same period (see Fig. 27).

Religion

7 organizations

The religion sector performed comparatively well during the recent recession. Religious organizations outperformed the index in 2008 and 2009, experiencing some of the smallest declines of any sector in revenue and donors over that period. In the first quarter of 2010, the sector continued to have only relatively slight declines in most key measures.



Religious organizations had a median revenue decrease of 1.6% from Q1 2009 to Q1 2010 (see Fig. 28), which was smaller than the overall index decline of 2.4%. Three of the seven organizations in this sector had positive revenue growth in the first quarter of 2010.

Sector donor numbers fell a median 0.8% from Q1 2009 to Q1 2010, exactly the same as the overall index median. Three of the seven organizations in this sector had positive donor growth in the first quarter of 2010.

The sector experienced very small declines in new donor acquisition, with a median 1.6% decrease in new donors from Q1 2009 to Q1 2010. The overall index median new donor decline was 3.4% over the same period.

Revenue per donor amounts remained essentially flat, declining 0.8% from Q1 2009 to Q1 2010. This comes after significant revenue per donor growth throughout 2009, however – a year when all other sectors in the index had revenue per donor declines. Three of the seven organizations in this sector had positive revenue per donor growth in the first quarter of 2010.

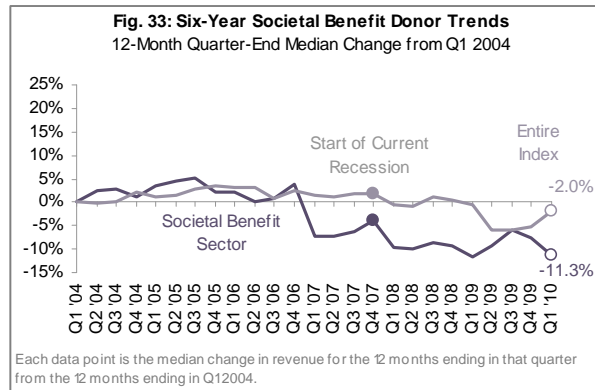
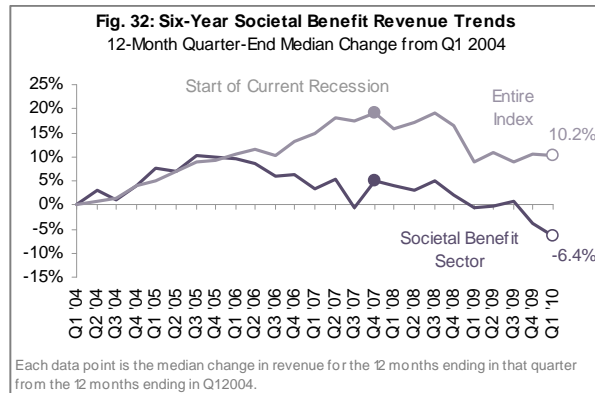
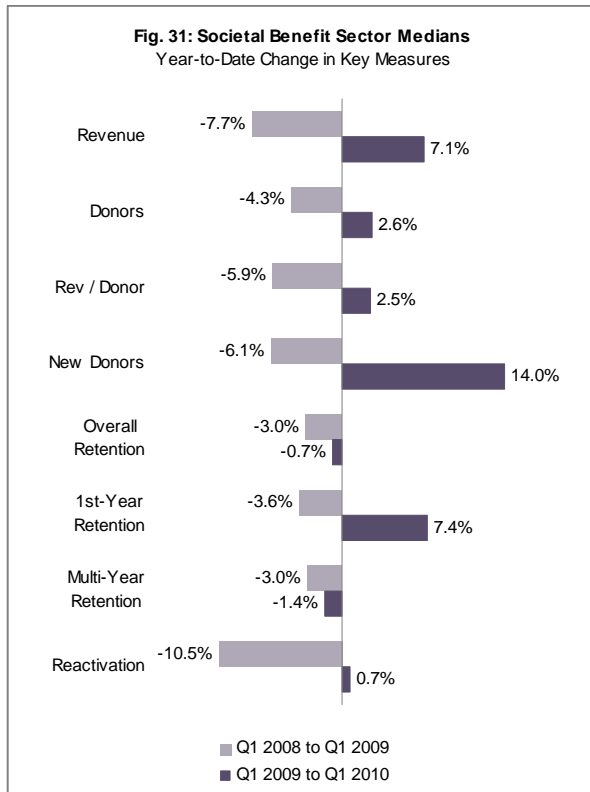
In spite of relatively performance during the recession, cumulative revenue growth for the religion sector has underperformed that of the overall index over the past six years. From the twelve months ending Q1 2004 to the twelve months ending Q1 2010, sector revenue grew a cumulative median 2.9%, compared to overall index median growth of 10.2% (see Fig. 29). Over the same period, sector donor numbers declined a cumulative median 0.6%, close to the overall index median decline of 2.0% (see Fig. 30).

All seven of the organizations in this sector are Catholic faith-based organizations.

Societal Benefit

11 organizations

From 2006 to 2009, societal benefit organizations experienced some of the greatest fundraising challenges of any sector in the index. There are signs that some of these negative trends may be leveling off or reversing in the first quarter of 2010 for the sector, which had strong increases in most key areas – particularly in new donor acquisition but also in revenue, overall donors, and revenue per donor. Some organizations in this sector may also have seen spikes in giving after the passage of a well-publicized, controversial immigration law in the Arizona state Senate in February.



Revenue increased a median 7.1% from Q1 2009 to Q1 2010 (see Fig. 31), greater than overall index median growth of 2.4%. This was one of only three sectors to have revenue growth during the period, and this growth was widespread; 82% of the organizations in the sector had positive revenue growth in the first quarter of 2010.

Societal benefit donor populations grew a median 2.6% from Q1 2009 to Q1 2010. This was, again, one of only three sectors to have any donor growth over the period, a time when the index as a whole had donor declines of 0.8%. 55% of the organizations in the sector had positive donor growth in the first quarter of 2010.

This sector had strong new donor growth throughout 2009 and was one of the only sectors to have growth in new donor acquisition in Q1 2010. New societal benefit donors grew by a median 14.0% from Q1 2009 to Q1 2010, in contrast to an overall index median new donor decline of 3.4% over the same period. 64% of the organizations in this sector had positive donor growth in the first quarter of 2010.

A rolling twelve-month revenue and donor analysis can provide longer-term perspective on these recent trends. It shows that the societal benefit sector generally paralleled the index in 2004 and 2005 in both revenue and donor growth. The sector has underperformed the index in both of these areas since 2006, with the negative donor trends leveling out somewhat in recent quarters.

In spite of recent advances, cumulative revenue and donor growth for the societal benefit sector both lag overall index medians to a significant degree over the long term. From the twelve months ending Q1 2004 to the twelve months ending Q1 2010, societal benefit revenue declined a cumulative median 6.4%, compared to overall index revenue growth of 10.2% (see Fig. 32). Over the same period, societal benefit donors declined a cumulative median 11.3%, compared to an overall index decline of 2.0% (see Fig. 33).

References

1. U.S. Department of Labor Bureau of Labor Statistics, Seasonally adjusted month-end Consumer Price Index (U.S. city average, all items), <http://www.bls.gov/>. Retrieved June 9, 2010.
2. Giving USA Foundation, *Giving USA 2006*, pp. 22 and 29.
3. National Bureau of Economic Research, *Determination of the December 2007 Peak in Economic Activity*, December 2008, <http://www.nber.org/cycles/dec2008.html>. Retrieved March 14, 2010.
4. U.S. Department of Commerce Bureau of Economic Analysis, Seasonally adjusted quarter-end Gross Domestic Product (indexed to 2005 dollars), <http://www.bea.gov/newsreleases/national/gdp/gdpnewsrelease.htm>. Retrieved June 9, 2010.

Industry Sectors Used in the Index

Animal Welfare Organizations

Organizations that focus on the care, protection, or understanding of pets or specialty animals, other than livestock. Includes humane societies, veterinary services, aquariums, and zoos.

Arts & Culture Organizations

Organizations that promote enjoyment or understanding of the visual, performing, folk, or media arts or the humanities; communications organizations; and organizations that promote the appreciation or understanding of historical events, including historical societies and genealogical or heredity-based organizations.

Environmental Organizations

Programs that focus on the preservation and protection of the environment, including pollution control and abatement programs; conservation and development of natural resources (land, plant, water, energy); control or elimination of hazardous and toxic substances (including pesticides); solid waste management programs; botanical gardens and societies; urban beautification and open spaces programs; and environmental education. Also includes programs that focus primarily on the protection and preservation of wildlife or fisheries.

Health Organizations

Programs which help people achieve and maintain physical well-being through prevention, screening, evaluation and treatment; programs that promote mental health and treatment of mental illness; voluntary health organizations that are organized on a national, state or local basis and supported primarily by voluntary contributions from the public at large, which are engaged in a program of service, education and some research that is related to a particular disease, condition or disability, or group of diseases, conditions or disabilities; research institutes and other organizations whose primary purpose is to promote the advancement of knowledge about specific diseases, disorders, or medical disciplines.

Human Services Organizations

Organizations that promote or provide a broad range of social or human services to individuals or families; organizations that focus on protecting the public from antisocial elements; organizations that help individuals to find and sustain gainful employment; organizations that focus on the development and improvement of food resources; organizations that focus on promoting adequate housing for individuals, families and communities; organizations which aim to prevent, predict or control the effects of domestic disasters (e.g., floods, earthquakes, fires, tornadoes); organizations that work to build character and develop leadership and social skills among children and youth.

International Relief Organizations

Organizations that provide development and relief services to foreign countries and/or organizations that raise and distribute funds for the benefit of overseas institutions.

Religious Organizations

Programs operated for the purpose of worship, religious training or study, governance or administration of organized religions, or the promotion of religious activities.

Societal Benefit Organizations

Programs that focus on protecting and promoting the broad civil rights and civil liberties of individuals, improving relations between racial, ethnic, and cultural groups, and promoting voter education and registration; advocacy and citizen action groups that work to change public policy and opinion in a variety of areas; organizations that work to strengthen, unify, and build community spirit and increase the capacity of various community organizations to improve the quality of life for all.

Most sector definitions based on a modification of the Foundation Center's National Taxonomy of Exempt Entities.
<http://fdncenter.org/nTEE/index.html>

Looking Ahead

The next installment of the index, to be released in September 2010, will examine activity for the second quarter of 2010. Findings can be found at <http://www.blackbaud.com/targetanalytics>.

Index Methodology

Target Analytics applied the following rules to standardize data from each of the organizations participating in the Index of National Fundraising Performance:

Individual payments greater than \$5,000, soft credits, and matching gift payments are excluded. Direct mail is the dominant or only revenue source for most organizations; however, web, telemarketing, event, and other sources are included. Indicators are calculated on a cash payment basis, as opposed to a pledge basis. Gifts or donors are defined as new, retained, or reactivated according to relative gift dates rather than organization-specific business rules or source codes. Retention rates for quarterly analysis are calculated by dividing the number of donors giving in the current year-to-date quarter(s) who also gave during the previous calendar year by the total number of donors who gave in the previous calendar year. Revenue per donor refers to the cumulative giving per donor per current period.

About Medians

Unless otherwise noted, index trends are measured by using the median percent change among a group of organizations. The median is the middle value in a ranked order of numbers. Using this statistic to describe historical trending minimizes distortion caused by the wide range of organizations' file sizes or extreme changes at a few organizations.

Participation

Participation in the index is limited to organizations that meet size and geographic requirements as well as other terms and conditions. For information about index eligibility contact Sue Rock Tully at srocktully@targetanalysis.com. Please direct questions or requests to reproduce these findings to targetindex@blackbaud.com.

Online Resources

Participating organizations are granted access to an online, interactive graphical system where they can chart their own performance results against overall and sector-specific medians. Please contact your account representative for your password and for more information.

About Target Analytics

Target Analytics, a Blackbaud company, delivers data-driven, collaborative solutions designed to help non-profit organizations maximize their fundraising potential. Founded in 1989, Target Analytics was the first company to bring forward-thinking non-profit organizations together to establish industry-standard benchmarking and openly discuss successful strategies and practices.